

CAPITAL PROJECTS FUND

The 2004 Capital Budgets were requested from Departments in May and returned on June 27, 2003. Amounts that were budgeted in 2003 were purchased and the requests not repeated for 2004. If they were not allowed to be purchased, then the funding remained in the Capital Accounts Fund Balance and a determination will need to be made as to any subsequent purchase in 2004.

Capital Projects Funds are used to account for financial resources to be used for the acquisition of capital assets, the resurfacing of streets, and the construction of major capital facilities. The Capital Project Funds are:

Capital Outlay Fund – This fund is the primary fund used to account for new departmental capital outlays. These expenditures are funded by the tax levy and are under the direction of the department supervisor.

Equipment Replacement Fund - This fund is used to account for the rolling stock replacement program, which accumulates annual funding (from property taxes) for the replacement of vehicles and similar equipment in lieu of using borrowed monies.

Street Improvement Fund - This fund is used to account for the activities of the Local Road Improvement Program. Funding is provided by the tax levy and an every other year "Local Road Improvement Grant" from the State.

Capital Improvement Fund - This fund is used to account for land acquisitions, building projects, and all public works projects and are usually funded with borrowed money or funding from some other source than the tax levy.

The Debt Service Fund supports the Capital Project Funds:

Debt Service Fund - This fund is used to account for general obligation debt issued by the City to support the capital construction projects undertaken.

CITY OF FRANKLIN

CAPITAL OUTLAY FUND

The Capital Outlay Fund was established in 2002 to provide a single place for the purchase of capital assets. Prior to this time, the City had purchased these assets in each department of the General Fund. In addition, Police vehicles were purchased through the Equipment Revolving Fund. Monies for purchases are obtained via the property tax levy, sale proceeds of retired capital assets, investment earnings on unspent monies, and any unspent funds from prior years.

The yearly amount to be funded is based on the requests of the departments and it is the intention that although the items purchased will vary each year, the amount of the levy will be approximately the same from year to year. Capital Outlay requests are detailed within each of the departmental budgets.

The budgets for 2004 are \$198,745 less than the 2003 Adopted Budget. The main reason being the carryover of Highway Department requests and new larger highway equipment requests. New equipment requests are no longer allowed in the Equipment Revolving Fund. The carryover requests are already funded within the Capital Outlay Fund. The property tax levy support for this fund is reduced by \$168,100 (43%), from \$391,100 in the 2003 Budget to \$223,000 in the 2004 Budget.

CITY OF FRANKLIN 2004 BUDGET		2001 Actual	2002 Actual	2003 Adopted	2003 Amended	2003 Estimate	2004 Dept/Request	2004 Request	2004 Adopted	Percent Change
CAPITAL OUTLAY FUND										
REVENUE										
GENERAL PROPERTY TAXES	41.0000.4011		468,751	391,100	391,100	391,100	399,000	399,000	223,000	
INTEREST ON INVESTMENTS	41.0000.4711		12,892	5,000	5,000	5,000	5,000	5,000	5,000	
INVESTMENT GAINS/LOSSES	41.0000.4713		-721	0	0		0	0	0	
PROPERTY SALES	41.0000.4751		23,485	0	0		0	0	0	
MISCELLANEOUS REVENUE	41.0000.4799		84,672	0	0	0	0	0	0	
TRANSFER FROM OTHER FUNDS	41.0000.4830		0	250,000	250,000	250,000	0	0	0	
TRANSFER FROM GENERAL FUND	41.0000.4834		0	0	0		150,000	0	0	
TRANSFER FROM FUND BALANCE	41.0000.4850		0	0	0		0	0	0	
TOTAL CAPITAL OUTLAY FUND REVENUE		0	589,080	646,100	646,100	646,100	554,000	404,000	228,000	-64.7%
EXPENDITURES										
General Government:										
Municipal Court	41-121	200	0	0	0	0	0	0	0	
City Clerk	41-141	50	3,062	1,500	1,500	1,500	0	0	0	
Elections	41-142	0	0	7,400	7,400	7,400	0	0	0	
Information Services	41-144	30,902	32,095	35,000	35,650	34,938	64,500	34,500	31,200	
Administration	41-147	1,576	3,554	8,500	9,100	9,100	8,500	8,500	8,500	
Human Resources	41-148	2,056	583	0	0	0	0	0	0	
Finance	41-151	2,776	-400	6,000	7,750	7,750	20,500	20,500	1,500	
Assessor	41-154	3,116	3,282	0	0	0	0	0	0	
Treasurer	41-156	5,878	0	0	0	0	4,300	4,300	4,300	
Municipal Buildings	41-181	17,014	22,977	13,900	13,900	13,900	12,325	12,325	12,325	
Total General Government		63,568	65,153	72,300	75,300	74,588	110,125	80,125	57,825	-20.0%
Public Safety:										
Police	41-211	90,929	263,777	313,320	320,620	320,620	286,400	286,400	187,400	
Fire	41-221	53,514	27,036	58,150	58,150	58,150	87,600	59,600	57,600	
Paid on Call Fire	41-222	274	0	0	0	0	0	0	0	
Building Inspection	41-231	10,441	3,401	38,800	38,800	38,800	36,425	6,425	6,425	
Total Public Safety		155,158	294,214	410,270	417,570	417,570	410,425	352,425	251,425	-38.7%
Public Works:										
Engineering	41-321	22,590	139	8,000	8,000	8,000	9,000	9,000	9,000	
Highway	41-331	66,826	41,264	152,200	152,200	26,200	298,225	172,225	134,225	
Street Lighting	41-351	3,573	4,769	6,000	6,000	6,000	6,000	6,000	6,000	
Total Public Works		92,989	46,172	166,200	166,200	40,200	313,225	187,225	149,225	-10.2%
Health and Human Services:										
Public Health	41-411	2,063	280	2,000	3,500	3,500	8,800	8,800	5,800	
Total Health and Human Services		2,063	280	2,000	3,500	3,500	8,800	8,800	5,800	190.0%
Culture and Recreation:										
Parks	41-551	13,182	14,639	14,500	14,500	14,500	14,500	14,500	8,750	
Total Culture and Recreation		13,182	14,639	14,500	14,500	14,500	14,500	14,500	8,750	-39.7%
Conservation and Development:										
Community Development	41-611	0	0	2,500	2,500	0	2,500	2,500	0	
Planning	41-621	11,440	3,471	4,000	4,000	4,000	2,000	2,000	0	
Economic Development	41-641	954	1,417	0	0	0	1,500	1,500	0	
Total Conservation and Development		12,394	4,888	6,500	6,500	4,000	6,000	6,000	0	-100.0%
Total Capital Outlay Expenditures		339,355	425,346	671,770	683,570	554,358	863,075	649,075	473,025	-29.6%
Excess of revenue over expenditures			163,734	-25,670	-37,470	91,742	-309,075	-245,075	-245,025	
Fund Balance, Beginning of Period			0	163,734	163,734	163,734	255,476	255,476	255,476	
Fund Balance, End of Period			163,734	138,064	126,264	255,476	-53,599	10,401	10,451	

CITY OF FRANKLIN

EQUIPMENT REVOLVING FUND

The Equipment Revolving Fund was established in 1996 to provide resources for the replacement of rolling stock and similar equipment. Prior to this time the City had borrowed funds for such items over a 3-year cycle. Monies for purchases are obtained via the property tax levy, sale proceeds of retired rolling stock, and investment earnings on monies in the revolving fund.

The yearly amount to be funded is based on the annual depreciation cost for the equipment used by the City, calculated using the estimated replacement cost at the expected time of replacement, divided by the expected useful life of the piece of equipment. The replacement cost is estimated using recent acquisition costs plus an inflation factor. Costs of vehicles replaced to date under the program have been in line with the estimated replacement cost.

During the period 1996 through 2000, in addition to the annual tax levy funding, transfers from the General Fund and other capital funds were made totaling \$1,630,000 to partially fund prior year unfunded depreciation. During 2001, the funding goal was changed from funding the entire accumulated depreciation to funding a percentage of the replacement cost of assets in the fund currently 8% to 12%. In addition, a minimum purchase amount (\$20,000) and minimum life (7 years) requirements were added to the fund. The change in the funding goal reduced the amount of funding needed to support this fund.

In 2004, because of the low level of items scheduled for replacement, tax levy funding planned for this fund is reduced by \$15,000 (5.5%). The 2004 Budget includes \$123,000 for the replacement of an ambulance (\$95,000) and utility vehicle (\$28,000) in the Fire Department, and \$100,000 for the replacement of a loader/backhoe in the Public Works Department.

CITY OF FRANKLIN 2004 BUDGET		2001 Actual	2002 Actual	2003 Adopted	2003 Amended	2003 Estimate	2004 Dept/Request	2004 Request	2004 Adopted	Percent Change
EQUIPMENT REVOLVING FUND										
REVENUE										
GENERAL PROPERTY TAXES	42.0000.4011	\$642,000	\$455,000	\$270,000	\$270,000	\$270,000	\$275,000	\$275,000	\$255,000	
INTEREST ON INVESTMENTS	42.0000.4711	92,794	68,733	50,000	50,000	50,000	50,000	50,000	50,000	
INVESTMENT GAINS/LOSSES	42.0000.4713	2,428	-3,843	0	0		0	0	0	
PROPERTY SALES	42.0000.4751	46,528	0	0	0		0	0	0	
MISCELLANEOUS REVENUE	42.0000.4799	0	0	0	0		0	0	0	
TRANSFER FROM OTHER FUNDS	42.0000.4830	90,207	0	0	0		0	0	0	
TRANSFER FROM GENERAL FUND	42.0000.4834	0	0	0	0		0	0	0	
TRANSFER FROM FUND BALANCE	42.0000.4850	0	0	0	0		0	0	0	
TOTAL EQUIPMENT REVOLVING FUND REVENUE		\$873,956	\$519,889	\$320,000	\$320,000	\$320,000	\$325,000	\$325,000	\$305,000	-4.7%
EXPENDITURES										
CAPITAL OUTLAY										
MUNICIPAL BUILDINGS AUTO EQUIPMENT	42.181.0000.5811	0	0	0	0	0	0			
POLICE DEPARTMENT AUTO EQUIPMENT	42.211.0000.5811	206,557	0	0						
FIRE DEPARTMENT AUTO EQUIPMENT	42.221.0000.5811	90,207	310,852	0			242,000	242,000	123,000	
BUILDING INSPECTION AUTO EQUIPMENT	42.231.0000.5811	0	20,010	23,000	23,000	23,000	0	0	0	
ENGINEERING AUTO EQUIPMENT	42.321.0000.5811	17,440	0	20,000	49,000	49,000	0	0	0	
PUBLIC WORKS AUTO EQUIPMENT	42.331.0000.5811	315,018	58,290	27,000	49,000	49,000	100,000	100,000	100,000	
Sub-total		629,223	389,152	70,000	121,000	121,000	342,000	342,000	223,000	218.6%
OTHER FINANCING USES										
TRANSFER TO CAPITAL IMPROVEMENT	42.998.0000.5589	0	0	0	0		0	0	0	
TRANSFER TO CAPITAL OUTLAY	42.998.0000.5589			250,000	250,000	250,000	0	0	0	
TOTAL EQUIPMENT REVOLVING FUND EXPENDITURES		629,223	389,152	320,000	371,000	371,000	342,000	342,000	223,000	-30.3%
Excess of revenue over expenditures		244,733	130,737	0	-51,000	-51,000	-17,000	-17,000	82,000	
FUND BALANCE, BEGINNING OF PERIOD		1,512,007	1,756,740	1,887,477	1,887,477	1,887,477	1,836,477	1,836,477	1,836,477	
FUND BALANCE, END OF PERIOD		\$1,756,740	\$1,887,477	\$1,887,477	\$1,836,477	\$1,836,477	\$1,819,477	\$1,819,477	\$1,918,477	

CITY OF FRANKLIN

STREET IMPROVEMENT FUND

The Street Improvement Fund was established as a separate fund in 2001. From 1998 to 2000 the City budgeted these funds as part of the Capital Projects Fund. During 1996 and 1997 they were budgeted as part of the Highway Department. Prior to that time, these expenses were funded by issuing debt.

The Pavement Resurfacing Program provides the funds to complete major maintenance (resurfacing) of the City's 152 miles of local streets. The City has reached a critical point relative to street maintenance due to the following factors:

- The newer curb and gutter streets that were constructed in the urban subdivisions beginning in the late 1960's are now reaching the condition that require certain streets to be resurfaced. A life of 30 years for pavement is considered very good.
- Beginning in the late 1960's the City began an aggressive program of sanitary sewer installation. In 1969, only about 5 percent of the City was served by sanitary sewer and presently about 95 percent of the City is served by sanitary sewer. An offshoot of the sanitary sewer installation program was the reconstruction of the streets that were included as part of the sanitary sewer installation. Now the streets that were reconstructed as part of the sanitary sewer installation are reaching a point that reconstruction is necessary.

A rough estimated cost in 2004 dollars to reconstruct the City's 152 miles of streets is estimated as follows - 152 miles x \$119,900 per mile = \$18,224,800. To reconstruct the City streets every 30 years requires an estimated 5.1 miles of pavement resurfacing each year. This amounts to annual funding of \$611,500 per year for the next 30 years at today's costs. Funding for the Street Improvement Program comes from two sources: an every other year State Grant for Local Road Improvements and the property tax levy. The property tax levy support for this fund is increased by \$56,000, from \$644,000 in 2003 to \$700,000 in the 2004 Budget.

During 2003, approximately 4 miles of streets were resurfaced. This lower amount of streets resurfaced was due to arterial streets being resurfaced, a much more costly process. As a result, an alternate formula for determination of the annual amount of funding has been developed. The alternate formula would divide the City streets into three categories: arterial streets, urban streets, and rural streets, with each having a different cost per mile and a different useful life. The result of this alternate formula is a larger need for funding in the Street Improvement Fund as follows:

Arterial streets	$\$456,000 \times 11.5 \text{ miles} / 20 \text{ years} = \$262,200$
Urban streets	$\$178,000 \times 82.0 \text{ miles} / 30 \text{ years} = \$486,533$
Rural streets	$\$105,000 \times 54.5 \text{ miles} / 25 \text{ years} = \$228,900$

The funding needs under this funding formula amount to \$978,000. The Common Council will need to continue to increase the funding for this program over a period of time to be able to resurface 5 miles of roads per year.

CITY OF FRANKLIN		2001	2002	2003	2003	2003	2004	2004	2004	Percent
2004 BUDGET		Actual	Actual	Adopted	Amended	Estimate	Dept/Request	Request	Adopted	Change
STREET IMPROVEMENT FUND										
REVENUE										
General Property Taxes	47.0000.4011	\$350,000	\$520,000	\$644,000	\$644,000	\$644,000	\$750,000	\$700,000	\$700,000	
Local Road Improvements Aids	47.0000.4151	0	74,139	0	0	0	75,000	75,000	75,000	
Interest on Investments	47.0000.4711	3,267	13,796	10,000	10,000	10,000	10,000	10,000	10,000	
Investment Gains/Losses	47.0000.4713	85	-771	0	0	0	0	0	0	
Miscellaneous Revenue	47.0000.4799	0	0	0	0	0	0	0	0	
Transfer From Other Funds	47.0000.4830	206,986	0	0	0	0	0	0	0	
Transfer From Fund Balance	47.0000.4850	0	0	0	0	0	0	0	0	
Total Revenue		\$560,339	\$607,164	\$654,000	\$654,000	\$654,000	\$835,000	\$785,000	\$785,000	20.0%
EXPENDITURES										
Local Street Improvement Program	47.000.9500.5823		0	621,700	621,700	552,260	469,000	469,000	469,000	
2001 Street Improvement Program	47.000.950x.5823	374,161	0	0	0	0	0	0	0	
2000 Street Improvement Program	47.000.9511.5823	106,986	0	0	0	0	0	0	0	
2002 Street Improvement Program	47.000.9521.5823		527,203	0	0	0	0	0	0	
OTHER FINANCING USES										
TRANSFER TO CAPITAL IMPROVEMEN	47.000.0000.5598	0	64,300	99,300	99,300	99,300	328,000	328,000	328,000	
Total Street Improvement Fund Expenditures		481,147	591,503	721,000	721,000	651,560	797,000	797,000	797,000	10.5%
Excess of revenue over expenditures		79,192	15,660	-67,000	-67,000	2,440	38,000	-12,000	-12,000	
Net Assets, Beginning of Period		0	79,192	94,853	94,853	94,853	97,293	97,293	97,293	
Net Assets, End of Period		\$79,192	\$94,853	\$27,853	\$27,853	\$97,293	\$135,293	\$85,293	\$85,293	

CITY OF FRANKLIN

CAPITAL IMPROVEMENT FUND 2004 BUDGET AND CAPITAL IMPROVEMENT PLAN

Establishing a Capital Improvement Plan (CIP) is an important financial planning tool to allow the City to structure the review and funding of Capital Improvement Projects competing for limited resources. A CIP helps to schedule the availability of resources to meet needs when they occur. Annually the Council adopts a Capital Budget, which is the first year of the CIP, which details the projects to be accomplished in the coming year. Changes to project amounts or additions to the budget need to be approved by the Council, similar to other funds with adopted budgets.

As a general guideline, capital improvement expenditures are defined as those amounts expended for infrastructure with long useful lives that would require significant amounts of funds. The resurfacing of City streets is funded through the Street Improvement Fund. Rolling stock and similar equipment replacements are funded via the City's Equipment Revolving Fund. Replacement of equipment used in department operations costing less than \$25,000 and new types of equipment are funded as part of each department's Capital Outlay Fund Budget.

Revenue sources used for capital improvements can include long-term debt, grants, transfers from other funds, property tax levy, and interest earnings. Typically, the City has used long-term debt to fund its capital expenditures. Another indirect source of funding for infrastructure improvements is special assessments. When the City makes improvements such as sewer, water, or other infrastructure, the abutting property owners are assessed their pro-rata share of the cost. The construction costs for assessment projects are paid with borrowed funds, and assessment collections are then used to apply to a portion of the debt service on the borrowed monies.

The City's CIP is refined annually to include approved and pending projects as a result of planning efforts from the Council and other boards or commissions. For the 2004 Budget, the following projects are contemplated:

City Hall Remodeling – The 2004 Budget included \$167,500 for remodeling of vacant space in City Hall that was formerly occupied by the Police Department. This remodeled space will be occupied by the Building Inspection Department. City Hall space formerly occupied by the Library will be remodeled for use as a Community Room. The \$143,400 cost of this project will be paid for with Community Development Block Grant Funds and includes the building of handicapped accessible bathroom facilities and City Hall entrances.

Southwood Watershed Improvements – 2003 was the final year of improvement in the Southwood Watershed but is being carried over into 2004. The project is to improve the flow of water and reduce the chance of flooding in the area.

Industrial Park Road Improvements – 2004 is the third year of a 5-year effort to reconstruct the roads in the Industrial Park. The roads are to be reconstructed with curb and gutter and concrete storm sewers and inlets. Funding for this project will come from borrowings, special assessments, and from the Street Improvement Fund.

Street Sign Inventory & Replacement Program – The City is completing a 3-year replacement of all regulatory signs in the Community. 2004 is the second year of expanding the program to include replacement over a 2-year period of all of the street name signs.

Briarwood Sewer Project – The City has conceptually approved this project to bring sewer service into this subdivision.

Lake Ernie Dredging – The dredging of this storm water basin is needed. The dredging would be contracted with the City doing the hauling.

Tornado warning Sirens – The Council may wish to consider warning sirens. The approximate cost is \$160,000.

Future capital projects are included in the Capital Improvement Plan. Those projects have not been authorized, scheduled, or approved. The source for the listing of projects was the 2002 Impact Fee Study.

Future Park Improvements – The City is committed to the future improvement of its park system. To assist the Parks Commission in planning future developments, needs have been projected for future projects through 2007.

2004

Park Acquisition and Development – The acquisition of 3 neighborhood, 2 special, and 8 mini parks, and the development of 2 parks were scheduled in 2003 and 2004. (\$1,995,000)

2005

76th Street Road Improvements – Terrace Drive to Puetz Road. The City's share of a County project to improve 76th Street. Note: If the funding change proposed by the County prevails, the City's portion of this project could triple or cause the project to be delayed.

Land for a new Fire Station #3 – Station to be located in the 51st Street and Rawson Avenue area.

Park Development – The development of 6 park sites are scheduled this year. (\$1,236,000)

2006

College Avenue Road Improvements – 27th Street to 43rd Street. The City's share of a County project to improve College Avenue.

Ryan Road Road Improvements – 27th Street to Root River. The City's share of a State project to improve Ryan Road.

Replace Fire Station #3 – Station to be located in the 51st Street and Rawson Avenue area.

Park Development – The development of 1 park site is scheduled this year. (\$882,000)

Land for the Community Recreation Center – Location and purchase of land. (\$53,000)

2007

Park Development – The development of 1 park site is scheduled this year. (\$1,088,780)

2008

Community Recreation Center – The development of a recreation center is scheduled for this year. (\$7,600,000)

**City of Franklin
Capital Improvement Plan
2003-2007**

		<u>2003</u> <u>Adopted</u>	<u>2003</u> <u>Forecast</u>	<u>2004</u> <u>Adopted</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Revenue:							
Proceeds from borrowing-10 year	46.0000.4911	-	-	-	1,800,000	2,655,000	-
Transfer from Connection Fees - Sewer	46.0756.4833	1,000,000	740,000	553,000	-	-	-
Transfer from Connection Fees - Water	46.0755.4833	563,000	878,000	-	-	-	-
Transfer from Impact Fees-Development	46.0000.4839	60,000	60,000	38,000	-	-	-
Transfer from Special Assessments	46.0000.4835	696,000	696,000	1,330,000	52,000	-	-
Transfer from Street Improvement Fund	46.0000.4838	99,300	99,300	328,000	74,200	72,800	-
Transfer from General Fund	46.0000.4830	-	-	-	-	-	-
Interest revenue	46.0000.4711	25,000	25,000	25,000	15,000	15,000	15,000
Total Revenue		2,443,300	2,498,300	2,274,000	1,941,200	2,742,800	15,000
Expenditures:							
Approved Projects:							
City Hall Remodeling-City portion	46.181.9653.5822			167,500			
Rawson Avenue reconstruction	46.000.9256.5823	-	-	-			
Street Sign Replacement Program	46.000.9766.5343	25,000	31,000	-			
Industrial Park Road Improvements	46.331.0000.5823	295,000	295,000	179,400	243,700	232,100	
Ryan Road - 27th St to Root river						350,000	
Southwood Watershed Improvements	46.000.9978.5831	205,000		205,000	129,000		
S 3 rd Street & Drexel Sewer	46.756.9264.5829	1,995,000	1,320,000				
S 3 rd Street & Drexel Water mains	46.755.9266.5829	665,000	624,000				
S 3 rd Street & Drexel Roads	46.000.9267.5829	-	116,000				
W Puetz Road - Water mains S51-S76	46.000.9711.5829	-					
W Rawson Road 57th St to 68th St - Water	46.000.9299.5829	430,000	540,000				
W Forest Home & W Rawson Ave-Water	46.755.9287.5829		268,000				
Interest Expense	46.000.0000.5621	40,000	40,000	20,000	14,000		
Bond Issue Costs	46.000.0000.5601	-	-		50,000	70,000	
Total Approved Projects		3,655,000	3,234,000	571,900	436,700	652,100	-
Projects Pending Approval:							
Unallocated Improvements							
Briarwood Sewer Project	46.756.9254.5829			1,980,000			
Lake Erie Dredging				85,000			
Torriado Sirens				-			
Street Sign Replacement Program				-			
South 76th Street - Puetz to Imperial Drive	46.000.9249.5829			10,000	1,050,000		
Collage Avenue S27th St to S43rd Street						1,150,000	
New Fire Station # 3					375,000	960,000	
City Hall Remodeling Project - Planning Funds							
Box Culvert S 92nd Street		-	-		75,000		
Future Park Improvements-Parks TBD	46.999.0000.5499	60,000	60,000				
Franklin Historical Society Request							
Total Projects not yet Approved		60,000	60,000	2,075,000	1,500,000	2,110,000	-
Total expenditures		3,715,000	3,294,000	2,646,900	1,936,700	2,762,100	-
Beginning fund balance (projected)		1,169,082	1,169,082	373,382	482	4,982	(14,318)
Ending fund balance		(102,618)	373,382	482	4,982	(14,318)	682